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TO: Detroit City Council

FROM: David Whitaker, Director  
Legislative Policy Division 

DATE: November 21, 2018

RE: Fiscal Review of the Proposed Capital Agenda FY 2020 through 2024

The Administration has presented to the City Council for their review and approval a proposed Five Year Capital Agenda for the fiscal years 2020 through 2024.

This document's submission to Council is to comply with the Detroit City Charter, section 8-202, "Capital Agenda", that states that on or before November 1 in each even numbered year, the mayor shall submit a proposed capital agenda for the next five fiscal years to the City Council. All of the charter-outlined tasks and review of the capital agenda must be completed and authorized by March 1 of the following year. If Council fails to act by March 1, the capital agenda as proposed shall be deemed approved. Attached to this report is a copy of the charter language. See Attachment 1.

This proposed Capital Agenda is far more robust in many respects than the prior capital agenda. Once again the Capital Agenda does include the detail of many capital improvements in the city made through the Development Financing Programs that fall under the Detroit Economic Growth Corporation. Also back in the document are the many functions and assets along with their capital accomplishments and plans, that in the past five years, have been spun off through state legislation and authority creation such as Cobo Hall, DIA, Eastern Market, the Historical Museum and the Zoo. While the City in most cases, continues to own the assets, they are managed by other entities through either contracts, memorandums of understanding or legislation. There is much more information provided about completed projects, projects budget for the current year, out-year projects as well as necessary projects that currently have no funding.

Additionally in the Capital Agenda document, under the Appendices section are both the Strategic Plan for Transportation and the Strategic Neighborhood Fund 2.0 documents which outline the rebuilding of

neighborhoods and the strengthening of the public transportation system. Also included are maps of planned capital improvements for the Fire facilities and Recreation facilities throughout the city.

The Government Finance Officers Association (GFOA) has approved best practices for the multi-year capital planning process which are attached to this document for your review. See Attachment 2.

### Breakdown of Proposed Funding Sources

The recommended capital planning program totals \$1.81 billion, which also includes the current fiscal year. This is an increase of 30% over the last approved five-year Capital Agenda (March 2017), which totaled \$1.39 billion.

Of the \$1.81 billion that is recommended in the five-year plan, \$520.0 million is anticipated to come from the recently authorized unlimited general obligation (GO) bonds, the prior unused GO bonds, the City’s general fund free balance, the remaining bankruptcy exit financing funds, and philanthropic and private investment funds. Outstanding G.O. bond funds currently total \$49 million. Please see detail in table below.

This proposed Capital Agenda plans that the remaining 70% of the fund sources for the proposed capital projects – DWSD Bonds, Federal Grants and State Formula Funds - will be accessible at the necessary time. Federal and State legislation as well as the bond markets could potentially alter these plans, plus \$557 million of the proposed budget is tied to GLWA selling revenue bonds for projects at DWSD. See Attachments 3 – 6, which are financing charts from the proposed Capital Agenda.

<i>(\$ Millions)</i>	Capital Plan 2018	Capital Plan 2016	Difference	
<b>Funding Sources</b>				
2018 New GO Bonds	235.4	-	235.4	
Prior GO Bonds	33.5	49.0	(15.5)	
Other City Funds	25.6	-	25.6	
General Fund Balance	149.8	109.0	40.8	
Exit Financing	25.9	-	25.9	
Philanthropy	34.6	-	34.6	
Private Investment	16.0	-	16.0	
DWSD	557.7	488.0	69.7	
Federal/State Grants	293.8	256.0	37.8	
Gas & Weight Tax Revenue	239.5	333.0	(93.5)	
MTF Road Bonds	124.0	-	124.0	
CDBG/HOME/108 Loan/Others	40.5	78.0	(37.5)	
Housing Commission	34.0	33.0	1.0	
Public Lighting Authority Bonds	-	45.0	(45.0)	
<b>TOTAL</b>	<b>1,810.3</b>	<b>1,391.0</b>	<b>419.3</b>	<b>30.1%</b>

### Capital Agenda as a Planning Tool

It is important to review this Capital Agenda in the proper context. It is a planning document prepared every 2 years for a five-year timeframe. The stated project prioritization can shift at any point in time as it often has in past cycles. Once Council authorizes the Agenda, the city still has no legal authority to carry out any of the projects. Requests for funding as well as contracts for the particular project work would still have to come before Council for authorization.

There are no secured appropriations as a consequence of approval of this document. Appropriations must first be budgeted and authorized in the annual budget process and then an actual contract and specific financing plan has to be secured and brought before Council for authorization.

### Concluding Remarks and Questions for the Administration

The amount of annual funding received through state and federal grants is what truly shapes the projects of the city's capital agenda. When reviewing the funding sources, 70% of the capital dollars are grant dollars and revenue bonds.

We would ask that the Administration provide written responses to the following questions -

1. It appears that the Public Lighting Authority's (PLA) bond balance has been depleted. What is the recognized cycle for capital upgrades for the current system. What is the plan for expansion? How are the PLA's operation and maintenance costs covered?
2. Please provide Council with documentation that highlights language between GLWA and DWSD that GLWA will issue revenue bonds for DWSD.
3. Is the DWSD no longer receiving federal grants?
4. What projects remain outstanding from the exit financing funds? Please explain the parameters for expending it.
5. Why was only \$15 million of the prior bond sale balance used over the last two years?
6. Please provide a listing of the various Philanthropic funds noted of \$34 million.
7. Please explain the Private Investment funds of \$16 million and how they are part of capital improvement.
8. Please explain the difference between General Fund Balance/Surplus and Other City Funds.
9. Why is the CDBG/Home/Section 108 projected to drop by \$38 million?

Attachments (14 pages)

cc: Tanya Stoudemire, Deputy CFO  
Renee Short, Budget  
Steven Watson, Budget  
Stacy Washington, Mayor's Office

**ARTICLE 8.**  
**PLANNING and FINANCIAL PROCEDURES**  
**CHAPTER 2. BUDGETS**

**Sec. 8-201. Fiscal Year.**

Except as otherwise provided by ordinance, the City's fiscal year is July 1 through June 30. If the fiscal year is changed, related dates specified in the Charter shall change accordingly.

**Sec. 8-202. Capital Agenda.**

1. On or before November 1 of each even numbered year, the Mayor shall submit a proposed Capital Agenda for the next five (5) fiscal years to the City Council.
2. The Capital Agenda shall state:
  - a. All physical improvements and related studies and surveys, all property of a permanent nature, and all equipment for any improvement when first erected or acquired, to be financed during the next five (5) fiscal years in whole or in part from funds subject to control or appropriation by the city, along with information as to the necessity for these facilities;
  - b. Capital expenditures which are planned for each of the next five (5) fiscal years;
  - c. The estimated annual cost of operating the facilities to be constructed or acquired; and
  - d. Other information pertinent to the evaluation of the capital agenda.

For each separate purpose, project, facility, or other property there shall be shown the amount and the source of any money that has been spent or encumbered, or is intended to be spent or encumbered before the beginning of the next fiscal year and also the amount and the source of any money that is intended to be spent during each of the next five (5) years. This information may be revised and extended each year for capital improvements still pending or in process of construction or acquisition.

The City Council may delete projects from the capital agenda as submitted but it may not otherwise amend the capital agenda until it has requested the recommendations of the Planning and Development Director. The City Council shall not be bound by those recommendations and may act without them if they are not received within thirty (30) days from the date requested.

3. The City Council shall publish in one (1) or more daily newspapers of general circulation in the city a general summary of the capital agenda and a notice stating:
  - a. The time and places where copies of the proposed capital agenda are available for public inspection; and
  - b. The time and places, not less than two (2) weeks after the publication, for a public hearing on the proposed capital agenda.

The head of any agency has the right, and it shall be a duty when requested by the City Council, to appear and be heard.

4. At the conclusion of its deliberation, but not later than March 1 of the following year, the City Council shall approve a five (5) year capital agenda for the City. If the City Council fails to take action by March 1, the proposed Capital Agenda shall be deemed approved.



Government Finance Officers Association

## BEST PRACTICE

# Capital Planning Policies

### BACKGROUND:

Policies designed to guide capital planning help to assure that each jurisdiction's unique needs are fully considered in the capital planning process. Effective policies can also help a government to assure the sustainability of its infrastructure by establishing a process for addressing maintenance, replacement, and proper fixed asset accounting over the full life of capital assets. In addition, capital planning policies can strengthen a government's borrowing position by demonstrating sound fiscal management and showing the jurisdiction's commitment to maximizing benefit to the public within its resource constraints.

Good capital planning policies can lead to the development of a capital plan that is consistent with best practices; however, they do not constitute the capital plan itself. Rather, capital planning policies establish a framework in which stakeholders understand their roles, responsibilities, and expectations for the process and an end result.<sup>1</sup> Ideally, such policies also include guidelines for coordinating capital projects and promoting sound, long-term operational and capital financing strategies.

To create a sustainable capital plan, the finance officer and other participants in the capital planning process need to consider a) capital needs as a whole, assess fiscal capacity, plan for debt issuance, and understand impact on reserves and operating budgets, all within a given planning timeframe. Capital planning policies provide an essential framework for managing these tasks and for assuring that capital plans are consistent with overall organizational goals.

### RECOMMENDATION:

GFOA recommends that governments develop and adopt capital planning policies that take into account their unique organizational characteristics including the services they provide, how they are structured, and their external environment.

Capital planning policies should provide, at minimum:

1. A description of how an organization will approach capital planning, including how stakeholder departments will collaborate to prepare a plan that best meets the operational and financial needs of the organization.
2. A clear definition of what constitutes a capital improvement project.<sup>2</sup>
3. Establishment of a capital improvement program review committee and identification of members (for example, the finance officer or budget officer, representatives from planning, engineering, and project management, and, as deemed appropriate, operations departments most affected by capital plans, along with a description of the responsibilities of the committee and its members.
4. A description of the role of the public and other external stakeholders in the process. (The level and type of public participation should be consistent with community expectations and past experiences.)
5. Identification of how decisions will be made in the capital planning process including a structured process for prioritizing need and allocating limited resources.
6. A requirement that the planning process includes an assessment of the government's fiscal capacity so that the final capital plan is based on what can realistically be funded by the government rather than being simply a wish list of unfunded needs.
7. A procedure for accumulating necessary capital reserves for both new and replacement purchases.
8. A policy for linking funding strategies with useful life of the asset including identifying when debt can be issued and any restrictions on the length of debt.<sup>3</sup>
9. A requirement that a multi-year capital improvement plan be developed and that it include long term financing considerations and strategies.
10. A process for funding to ensure that capital project funding is consistent with legal

requirements regarding full funding, multi-year funding, or phased approaches to funding  
11. A requirement that the plan include significant capital maintenance projects.

12. Provisions for monitoring and oversight of the CIP program, including reporting requirements and how to handle changes and amendments to the plan.

Notes:

<sup>1</sup> See GFOA Best Practices on capital planning (Multi-Year Capital Planning (2008) and The Role of Master Plans in Capital Improvement Planning (2008)

<sup>2</sup> See GFOAs Best Practice, Establishing Appropriate Capitalization Thresholds for Capital Assets

<sup>3</sup> Capital planning policies should be consistent with or reference an organizations debt policies

References:

- GFOA Best Practice, Asset Maintenance and Replacement, 2010
- GFOA Best Practice, Understanding Your Continuing Disclosure Responsibilities, 2010
- GFOA Best Practice, Disaster Preparedness, 2008
- GFOA Best Practice, Multi-Year Capital Planning, 2008
- GFOA Best Practice, Establishing Appropriate Capitalization Thresholds for Capital Assets, 2008

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Government Finance Officers Association

## BEST PRACTICE

### Multi-Year Capital Planning

#### BACKGROUND:

Infrastructure, technology, and major equipment are the physical foundation for providing services to constituents. The procurement, design, construction, maintenance, and operation of capital assets are a critical activity of governments and therefore require careful planning.

Capital planning is critical to water, sewer, transportation, sanitation, and other essential public services. It is also an important component of a community's economic development program and strategic plan. Capital facilities and infrastructure are important legacies that serve current and future generations. It is extremely difficult for governments to address the current and long-term needs of their citizens without a sound multi-year capital plan that clearly identifies capital needs, funding options, and operating budget impacts.

A properly prepared capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses.

#### RECOMMENDATION:

GFOA recommends that state and local governments prepare and adopt comprehensive, fiscally sustainable, and multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan identifies and prioritizes expected needs based on a strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more.

**Identify needs.** The first step in capital planning is identifying needs. Governments should develop a capital asset life cycle for major capital assets. The capital asset life cycle should include costs to operate, maintain, administer and renew or replace the capital asset. This will assist in identifying the need and schedule for capital asset replacement or major renewal. In addition, using information such as development projections, strategic plans, comprehensive plans, facility master plans, and regional plans, governments should identify present and future service needs that require capital infrastructure or equipment. In this process, attention should be given to:

- Infrastructure improvements that support private development and the good of the public
- Changes in policy or community entity needs
- Incorporating input and participation from major stakeholders and the general public
- Projects with revenue-generating potential
- Analyze the non-financial impacts of the project (e.g., environmental) on the community

**Determine financial impacts.** GFOA recommends that the full extent of the capital project/asset and the associated life cycle costs be determined when developing the multi-year capital plan. In this process, attention should be given to:

- The scope and timing of a planned project should be well defined in the early stages of the planning process
- Governments should identify and use the most appropriate approaches when estimating project costs and potential revenues
  - If a government's internal resources are not sufficient to estimate a capital project's cost, revenues and/or life cycle costs, outside assistance should be procured
- For projects programmed beyond the first year of the plan, governments should adjust cost projections based on anticipated inflation
- A clear estimate of all major components required to implement a project should be outlined, including land acquisition needs, design, construction, contingency and post-construction costs
- The ongoing life cycle costs associated with each project should be quantified, and the sources of funding for those costs should be identified

*Attachment 2*

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- Life cycle costs will impact future annual operating budgets

Prioritize capital requests. Though the initial prioritization process may be impacted by legal requirements and/or mandates, GFOA recommends that, when evaluating capital requests, governments should first prioritize based on:

- Health and Safety - Priority should be given to high risk safety issues that require a capital project to correct
- Asset Preservation - Capital assets that require renewal or replacement based on capital asset life cycle
- Service/Asset Expansion/Addition - Infrastructure improvements needed to support government's policies, plans, and studies

In this process, attention should be given to:

- Coordination with related entities
- Allow submitting agencies to provide an initial prioritization
- Incorporate input and participation from major stakeholders and the general public
- The impact on operating budget impacts resulting from capital projects
- Apply analytical techniques, as appropriate, for evaluating potential projects (e.g., net present value, payback period, cost-benefit analysis, life cycle costing, cash flow modeling)
- Use a rating system to facilitate decision-making

Develop a comprehensive financial plan. GFOA recommends that governments develop a viable overall multi-year financing plan covering the multi-year period of the capital plan to ensure that the proposed capital plan is achievable within expected available resources. Financing strategies should align with expected project requirements while sustaining the financial health of the government. Governments undertaking a capital financing plan should:

- Anticipate expected revenue and expenditure trends including their relationship to multi-year financial plans and ongoing impacts to the operating budget due to the capital plan
- Prepare cash flow projections of the amount and timing of the capital financing
- Continue compliance with all established financial policies
- Recognize appropriate legal constraints
- Consider and estimate funding amounts from all appropriate funding alternatives
- Consider sources and uses for debt service
- Ensure reliability and stability of identified funding sources
- Evaluate the affordability of the financing strategy, including the impact on debt ratios, applicable tax rates, and/or service fees

#### References:

- *Capital Improvement Programming: A Guide for Smaller Governments*, GFOA, 1998
- *Recommended Budget Practices. A Framework for Improved State and Local Government Budgeting*, National Advisory Council on State and Local Budgeting, GFOA, 1998
- GFOA Best Practice, Establishing Appropriate Capitalization Thresholds for Tangible Capital Assets, 2001.
- GFOA Best Practice, Establishing the Useful Life of Capital Assets, 2002.
- *Capital Budgeting and Finance. A Guide for Local Governments*, International City/County Management Association, 2004.
- Managing the Capital Planning Cycle: Best Practice Examples of Effective Capital Program Management, *Government Finance Review*, June 2004.
- GFOA Best Practice, Establishment of Strategic Plans, 2005.



Table 1. Capital Agenda Project Cost Estimates by Category

Category	Subtotal
Government Infrastructure	\$ 658,670,382
Health & Public Safety	130,222,846
Housing & Economic Development	130,919,457
Recreation & Open Spaces	136,386,529
Technology	29,839,528
Transportation	721,087,360
Affiliated Entities	3,200,000
<b>Total</b>	<b>\$ 1,810,326,102</b>

Table 2. Capital Agenda Project Cost Estimates by Department

	Amended Budget FY 2018-19	Five-Year Capital Plan					Total
		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
Airport	4,000,000	-	-	-	-	-	4,000,000
BSEED	1,099,950	-	-	-	-	-	1,099,950
Charles H. Wright Museum	1,171,798	700,000	-	-	-	-	1,871,798
Detroit Building Authority	1,600,000	1,600,000	-	-	-	-	3,200,000
Detroit Historical Museum	1,430,087	-	-	-	-	-	1,430,087
Eastern Market Corporation	4,650,000	25,800,000	6,000,000	-	-	-	36,450,000
Elections	202,000	-	-	-	-	-	202,000
Fire	6,950,200	14,653,500	11,512,500	16,783,425	4,431,818	1,353,000	55,684,443
General Services	36,845,026	57,248,000	39,900,000	24,400,000	21,850,000	21,850,000	202,093,026
Health	3,054,485	765,000	165,000	55,000	-	-	4,039,485
Housing and Revitalization	1,500,000	40,002,296	-	-	-	-	41,502,296
Innovation and Technology	21,646,792	10,665,800	7,865,800	6,865,800	1,285,000	1,285,000	49,614,192
Library	1,010,000	-	-	-	-	-	1,010,000
Municipal Parking	6,060,925	-	-	-	-	-	6,060,925
Planning and Development	50,667,161	9,450,000	2,950,000	12,150,000	12,100,000	2,100,000	89,417,161
Police	16,049,304	16,250,000	9,975,000	7,000,000	350,000	-	49,624,304
Public Works	-	1,590,000	-	-	-	-	1,590,000
Public Works - Street Fund	108,347,469	75,876,719	82,440,869	60,120,625	44,706,200	45,601,200	417,093,082
Transportation	43,701,820	62,735,696	82,956,376	61,131,558	29,487,903	12,330,000	292,343,353
Water and Sewerage	156,113,000	149,739,000	91,633,000	56,515,000	49,000,000	49,000,000	552,000,000
<b>Total</b>	<b>466,100,017</b>	<b>467,076,011</b>	<b>335,398,545</b>	<b>245,021,408</b>	<b>163,210,921</b>	<b>133,519,200</b>	<b>1,810,326,102</b>

Figure 1. Sources of Capital Funding

## SOURCES OF FUNDING

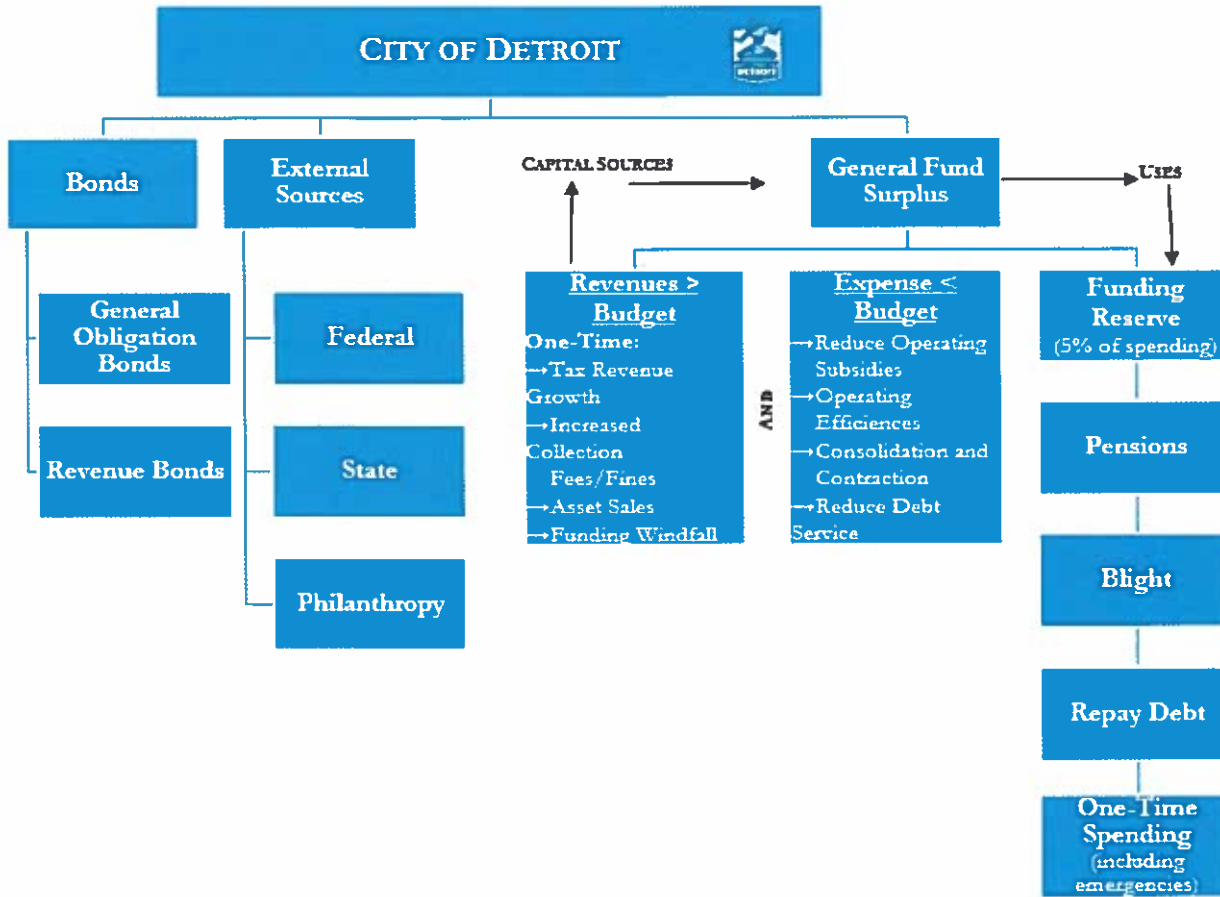


Table 3. Capital Agenda Project Cost Estimates by Funding Source

Funding Source	Amended Budget FY 2018-19	Five-Year Capital Plan					Total
		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
2018 New GO Bonds	48,152,053	61,211,300	54,988,300	57,667,804	13,350,000	-	235,369,457
Prior GO Bonds	33,504,160	-	-	-	-	-	33,504,160
Federal/State Grants	51,129,438	78,301,696	73,401,376	51,696,979	45,099,721	28,135,000	327,764,210
DWSD	156,113,000	155,439,000	91,633,000	56,515,000	49,000,000	49,000,000	557,700,000
General Fund Balance	39,950,382	26,385,000	22,385,000	21,385,000	19,885,000	19,885,000	149,875,382
Exit Financing	24,293,565	1,600,000	-	-	-	-	25,893,565
Gas & Weight Taxes	57,720,801	46,530,625	31,429,075	33,966,625	34,376,200	35,499,200	239,522,526
Philanthropy	6,450,000	17,670,000	7,000,000	1,000,000	1,500,000	1,000,000	34,620,000
MTF Road Bonds	40,676,668	23,486,094	43,561,794	16,290,000	-	-	124,014,556
Private Investment	-	10,000,000	6,000,000	-	-	-	16,000,000
CDBG/HOME/108 Loan/Other	-	40,452,296	-	-	-	-	40,452,296
Other City Funds	8,109,950	6,000,000	5,000,000	6,500,000	-	-	25,609,950
<b>Total</b>	<b>466,100,017</b>	<b>467,076,011</b>	<b>335,398,545</b>	<b>245,021,408</b>	<b>163,210,921</b>	<b>133,519,200</b>	<b>1,810,326,102</b>

**Table 4. Total Exit Financing Allocations by Department**

<b>Department</b>	<b>Total Exit Financing Allocated</b>
BSEED	\$ 4,364,682
Appeals & Hearings	1,098,000
Fire	33,760,419
General Services	33,027,047
Human Resources	746,877
Innovation & Technology	10,165,480
Law	1,129,716
Mayor's Office	210,120
Non-Departmental	24,227,365
Office of the CFO	57,951,911
Parking	2,700,000
Planning & Development	10,094,107
Police	25,453,576
Public Works	202,479
Recreation*	1,253,955
Transportation	6,470,882
<b>Total</b>	<b>\$ 212,856,616</b>

\*Exit Financing allocated to Recreation prior to merger with General Services

**Table 5. Prior Year GO Bond Allocations by Department**

<b>Department</b>	<b>Total Allocation</b>
Charles H. Wright Museum	171,798
Detroit Historical Museum	480,087
Fire	3,520,200
General Services	11,725,544
Health	1,589,485
Housing & Revitalization	1,500,000
Planning & Development	3,250,000
Police	8,799,304
Transportation	2,467,742
<b>Total</b>	<b>33,504,160</b>

Project Description	Project Budget
3 new DBM coaches, new garage cars at Northland, improvements to Rosa Parks Transit Center (restroom upgrades, exterior site improvements)	7,467,742
New alarm system upgrades	200,000
main floor, glass & window upgrades, renovation of lobby, renovation of locker rooms, flooring replacement, air system balancing, upgrade of HVAC controls, gate & fence improvements, parking lot improvement, interior lighting upgrade, electrical room upgrade, general plumbing upgrades, security system installation, fire alarm building control system, server room improvements, renovation of old garage at P111	3,700,000
Capital improvements include: main lobby, new fire equipment, generators, roof repairs, electrical system improvements including lighting and additional circuits, renovate restrooms and showers, replace exterior doors, layout repairs, ACM abatement as needed	3,000,000
Funding available for additional lighting in an estimated 30 city parks for increased safety for residents	2,657,706
O'Hair, Palmer, Jayne Highfield, Alhambra, Pugette, Riverside, Romanowsky, Rouge, Stoenfeldt, Z. Budget Family, Clark Tolson, and Chandler	8,362,838
Building expansion and major system upgrades to accommodate expansion, will allow for more kennel space	1,385,025
Space buildout in Health Department, built to expand best practices prevention and wellness programs	704,469
Replace HVAC filter, repair loading dock, repair public address system, renovate 3rd floor station	460,087
Additional City contribution to building Neighborhood program for Guide House Bridge related re-work	1,500,000
City share of Unway's resident promenade project that will connect the east sidewalk to the main sidewalk	250,000
City funds for implementing Rosa Parks (Chairman) SIF projects	500,000
City funds for implementing Northwest/Greater Village SIF projects	500,000
City funds for implementing West Village/Southwest SIF projects	500,000
PIED transferred these project funds to SIF for supplemental funding for the above mentioned parks	500,000
Study to determine neighborhood needs for future Strategic Neighborhood work	400,000
Study to determine additional space for future Strategic Neighborhood work	100,000
Buildout of additional space for the Department to conduct arson interviews and arson investigation operations	530,200
Completion of the 8th Precinct capital project, including improvements to the annex building required for the historical designation	3,552,555
Completing office space buildouts to full project objectives out of leased facilities	1,546,739
Roof & facade repairs, electrical improvements	171,794
Revised Prior O/D Bond Project Budget Total	31,594,160

For Facilities: Engine 9, Engine 31, Engine 40, Engine 42, Engine 52, Engine 53, Engine 59, Engine 17, Squad 14, and Ladder 22

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## CAPITAL FUNDING SOURCES

FUNDING SOURCE	DESCRIPTION
General Obligation Bonds- Unlimited Tax	General Obligation Unlimited Tax Bonds are voter authorized debt issued under a municipality's full faith, credit and taxing power for capital improvement projects.
General Obligation Bonds- Limited Tax	This debt does not require prior voter authorization. To the extent debt service on this category of obligations is not provided from a special revenue source, the payment is provided from the City's General Fund.
Michigan Transportation Fund- Road Bonds	On November 16, 2017, the Michigan Finance Authority issued \$124,500,000 in revenue bonds on behalf of the City of Detroit for Major and Local Street improvements. Two scheduled draws to date of \$1,000,000 and \$33,000,000 were made in November 2017 and April 2018, respectively. Remaining draws are scheduled to occur in each October and April, with the final draw on October 1, 2020.
Earnings on Investments	In addition to the proceeds from the sale of general obligation bonds, the interest earned on the investment of unspent bond proceeds can also be used for projects that were voter authorized.
Revenue Bonds	Revenue bonds are municipal bonds that finance income-producing projects and are secured by a specified revenue source. Typically, revenue bonds can be issued by any government agency or fund that is managed in the manner of a business- enterprise agencies, such as entities having both operating revenues and expenses. Revenue bonds are typically used to finance water and sewerage projects and parking improvements.
Operating Contributions	This funding method relies on general tax and operating receipts rather than on debt issuance. It is the most conservative approach possible for funding capital projects.
Post-Bankruptcy Funds: Quality of Life and Exit Financing	The City Post Bankruptcy began implementation of a \$1.7 billion program of reinvestment and restructuring initiatives made possible by confirmation of the Plan of Adjustment. The reinvestment and restructuring initiatives provided funds for, among other areas, (a) Public safety equipment, facilities and services; (b) blight remediation; (c) upgrades to City infrastructure, operations, and information technology; and (d) public transportation improvements. Funding was obtained through debt financing.
Strategic Neighborhood Fund	<p>Invest Detroit and the City have partnered to raise \$56M in philanthropy, and \$15M in State CRP, to match \$59M in City funds towards economically catalyzing projects in the following 7 neighborhoods: Grand River Northwest, Jefferson Chalmers, Campau/Banglatown, Warrendale/Cody Rouge, Gratiot/7-mile, Russell Woods/Nardin Park, East Warren/ Cadieux. These funds will also help complete projects in the 3 neighborhoods originally designated as SNF: Livernois/McNichols, Southwest, and Islandview/Greater Villages.</p> <p>SNF projects fall into 5 categories and pitch materials approved by the Mayor include the following proposed sources:</p> <ol style="list-style-type: none"> <li>1. Neighborhood planning to understand community needs - \$3M City</li> <li>2. Improving streetscapes to create safe and walkable neighborhoods - \$49M City (road bond)</li> <li>3. Redeveloping parks to offer attractive and active public spaces - \$14M Philanthropy, \$7M City</li> <li>4. Rehabilitating single-family homes to stabilize residential communities - \$7M Philanthropy</li> <li>5. Strengthening commercial corridors to support commercial, mixed use and multi-family development - \$35M philanthropy, \$15M State CRP</li> </ol> <p>All SNF projects are intended to be complete within 5 years.</p>
Private Sources	Philanthropic, non-profit foundations and corporations have made significant investment in various city assets and services.

## CAPITAL FUNDING SOURCES

FUNDING SOURCE	DESCRIPTION
Detroit Historical Society	The City entered into an agreement with the Detroit Historical Society, a Michigan nonprofit corporation, to manage the operations of the Detroit Historical Museums. The City retains ownership of all the assets of the Detroit Historical Museums, which includes the Detroit Historical Museum, the Dossin Great Lakes Museum and Historic Fort Wayne. The Historical Society has access to capital funding through the City's annual capital budget process.
Detroit Zoological Society	The Detroit Zoological Society has consistently provided generous support for Detroit Zoological Institute development and regularly contributes to its annual support. Financial support can be provided from general operating revenues, including membership dues, investment income, special event proceeds, special gifts, grants, and sponsorships. For large projects, a specific capital campaign may be launched for that purpose.
Eastern Market Corporation	The Eastern Market Corporation is a non-profit, public-private- "umbrella organization" created to equally include representatives of the City of Detroit, Eastern Market stakeholders and persons with a special interest in the market, including corporate and foundation contributors. The City retains ownership of the public areas of the Eastern Market and has membership on the Board of Directors of the Eastern Market Corporation.
Aviation Grants	Detroit City Airport is eligible for Federal funding under the Airport Improvement Program (AIP), established by the Airport and Airway Improvement Act of 1982. These funds are generated through aviation taxes and used in projects to renovate and rehabilitate public areas of airports solely for increasing the level of service to all passengers.
<p>Grants submitted under the HUD Consolidation Plan:</p> <ul style="list-style-type: none"> <li>• Community Development Block Grant (CDBG):</li> <li>• Neighborhood Opportunity Fund (NOF)</li> <li>• HOME Investment Partnerships (HOME) Program</li> <li>• The Housing Opportunities for Persons with AIDS (HOPWA) program</li> </ul>	<p>The U.S. Department of Housing and Urban Development (HUD) Consolidated Plan is a collaborative process to establish a unified vision for community development actions. The plan describes community development, affordable housing, homeless, and supportive housing needs, conditions, and strategies for a five-year period. The plan includes the annual funding applications for the Community Development Block Grant (CDBG), Emergency Shelter Grant, HOME, and the Housing Opportunities for Persons With AIDS (HOPWA) programs.</p> <p>The Community Development Block Grant program is a Federal program operated by the U.S. Department of Housing and Urban Development. This program provides entitlement grants to local governments for community development activities.</p> <p>The Neighborhood Opportunity Fund (NOF) is a local program using CDBG funds for neighborhood improvement projects proposed by neighborhood organizations. These projects should be limited in scope and completed within one year. This program is subject to CDBG regulations.</p> <p>The Home Investment Partnerships (HOME) program is a Federal program operated by the U.S. Department of Housing and Urban Development. This program provides grants to cities and others to increase the supply of safe and affordable rental and ownership housing for low-income families.</p> <p>The Housing Opportunities for Persons with AIDS (HOPWA) program is a Federal program operated by the U.S. Department of Housing and Urban Development. This program provides grants to large cities with over 1,500 AIDS cases. Funds are to be used to meet the housing and related service needs of people with AIDS and their families in Wayne County (including Detroit).</p>
HUD Section 108 Loans	Section 108 offers state and local governments the ability to transform a small portion of their Community Development Block Grant (CDBG) funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of revitalizing entire neighborhoods.

## CAPITAL FUNDING SOURCES

FUNDING SOURCE	DESCRIPTION
<b>Lead Hazard Reduction Demonstration Grant:</b>	The Lead Demonstration Grant is a Federal competitive grant program operated by the U.S. Department of Housing and Urban Development.
<b>Environmental Grants</b>	Annual grants from the State of Michigan Department of Environmental Quality available to the City through the Department of Environmental Affairs (DEA) are: Site Reclamation Bond Grants; Site Redevelopment Grants; Revolving Loan Funds and Site Assessment Grants.
<b>U.S. Department of Interior Land and Water Conservation Fund (LWCF):</b>	LWCF funds are limited to the development of basic outdoor recreation facilities and cannot be used for buildings or maintenance and renovation.
<b>Port Security Grant Program</b>	The Port Security Grant Program (PSGP) plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient nation.
<b>Michigan Gas and Weight Taxes (ACT 51)</b>	The primary source of street capital is the State tax on motor fuels and vehicle licensing fees, which are distributed to municipalities by formula.
<b>Michigan Natural Resources Trust Fund</b>	The Trust Fund accumulates principal to the fund by using fees from oil, gas and mineral resource permits from lease and royalty rights on state land in northern Michigan.
<b>Michigan Transportation Economic Development Fund</b>	Transportation Economic Development Fund was created in 1987 to provide funding for road projects related to economic development and redevelopment opportunities. All ACT 51 recipient governmental units are eligible for this fund.
<b>Better Utilizing Investments to Leverage Development (BUILD)- US Department of Transportation Grant</b>	BUILD Transportation grants replace the pre-existing Transportation Investment Generating Economic Recovery (TIGER) grant program. Awarded on a competitive basis, these grants are utilized for surface transportation infrastructure projects: road, rail, transit and port projects
<b>Transportation Alternatives Program (TAP)</b>	Transportation Alternatives Program (TAP) is a competitive grant program that uses federal transportation funds designated by Congress for specific activities that enhance the Intermodal transportation system and provide safe alternative transportation options.
<b>Transportation Grants</b>	These funds are generally provided based upon an 80/20% formula-FTA supplies 80% and 20% is provided by MDOT. The purpose of these grants is to supply major capital items; such as: buses, service equipment, service vehicles, communications equipment, facility improvements, and safety and security needs to be utilized in the maintenance and enhancement of the daily operations within the Detroit Department of Transportation.
<b>Fixed guideway capital investment grants</b>	The discretionary Capital Investment Grant (CIG) program provides funding for fixed guideway investments such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus rapid transit investments that emulate the features of rail.
<b>U.S. Environmental Protection Agency's National Clean Diesel Funding Assistance Program</b>	Competitive grant program – reimburses 25% of the cost of replacing outdated fleet.
<b>Assistance to Firefighters Grant Program</b>	The primary goal of the Assistance to Firefighters Grants (AFG) is to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments, nonaffiliated Emergency Medical Services organizations, and State Fire Training Academies. This funding is for critically needed resources to equip and train emergency personnel to recognized standards, enhance operations efficiencies, foster interoperability, and support community resilience.
<b>Community Foundation for Southeastern Michigan Pistons Palace fund</b>	\$125,000/year available for a set list of 34 Detroit parks
<b>Wayne County Park Millage</b>	Renewed in 2016, tax levied annually and allocated by the Wayne County Parks commission to improve and operate parks and related facilities. Detroit typically is awarded ~264K/year

## CAPITAL FUNDING SOURCES

As indicated on page 12 of the Executive Summary, the City currently has \$286 million in voter-approved, unissued UTGO authority. This Capital Agenda includes an immediately need of \$235 million for projects during the plan period. The City plans to issue approximately \$115 million in one series and the balance in a second series in order to align projects with spending capacity.

Table 6. New GO Bond Funding by Department

Department	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Five-Year Total
Charles H. Wright Museum	\$ 1,000,000	\$ 700,000	\$ -	\$ -	\$ -	\$ 1,700,000
Fire	3,000,000	11,237,500	9,717,500	15,480,155	3,000,000	42,435,155
General Services	3,886,100	27,878,000	13,050,000	2,550,000	-	47,364,100
Health	1,465,000	765,000	165,000	55,000	-	2,450,000
Innovation & Technology	5,478,792	4,380,800	4,080,800	4,080,800	-	18,021,192
Planning & Development	26,072,161	-	-	10,000,000	10,000,000	46,072,161
Police	7,250,000	16,250,000	9,975,000	7,000,000	350,000	40,825,000
Transportation	-	-	18,000,000	18,501,849	-	36,501,849
<b>Total</b>	<b>\$ 48,152,053</b>	<b>\$ 61,211,300</b>	<b>\$ 54,988,300</b>	<b>\$ 57,667,804</b>	<b>\$ 13,350,000</b>	<b>\$ 235,369,457</b>

Table 7. New GO Bond Funding by Voter Authorization

Voter Authorization	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Five-Year Total
Public Safety	\$ 16,947,264	\$ 32,633,300	\$ 23,938,300	\$ 26,615,955	\$ 3,350,000	\$ 103,484,819
Recreation & Museums	5,132,628	28,578,000	13,050,000	12,550,000	10,000,000	69,310,628
Economic Development	26,072,161	-	-	-	-	26,072,161
Transportation	-	-	18,000,000	18,501,849	-	36,501,849
<b>Total</b>	<b>\$ 48,152,053</b>	<b>\$ 61,211,300</b>	<b>\$ 54,988,300</b>	<b>\$ 57,667,804</b>	<b>\$ 13,350,000</b>	<b>\$ 235,369,457</b>



Authorization	Department(s)	Project	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	5 Year Total
Public Safety	Police & Fire	Public Safety vehicle purchase plan	8,000,000					8,000,000
Public Safety	Health	Health PC Replacements	80,464					80,464
Public Safety	Police	Police PC Replacements & Technology upgrades	2,196,526					2,196,526
Public Safety	Fire	Fire PC Replacements	390,000					390,000
Public Safety	Fire	Relocation of Fire Apparatus Garage				4,712,655	3,000,000	7,712,655
Public Safety	Fire	Fire facilities repairs & energy efficiency upgrades		3,675,000	3,000,000	3,000,000		9,675,000
Public Safety	Fire	Inventory management system				1,500,000		1,500,000
Public Safety	DoIT	Public Safety IT	2,565,274	4,380,800	4,080,800	4,080,800		15,107,674
Public Safety	Police	Police light duty vehicles		7,400,000	6,425,000	6,650,000		20,475,000
Public Safety	Fire	Fire vehicles (light duty, apparatus, and EMS)		7,567,500	6,717,500	6,267,500		20,547,500
Public Safety	Health	Replace existing mobile clinic & expand fleet to 3	300,000	600,000				900,000
Public Safety	Health	New animal control trucks	165,000	165,000	165,000	55,000		550,000
Public Safety	Health	Teen pregnancy clinic	1,000,000					1,000,000
Public Safety	Police	Lease Elimination Plan Part 1 - 13335 Lyndon renovation		2,000,000	1,500,000			3,500,000
Public Safety	Police	Lease Elimination Plan Part 2 - 11631 Mt. Elliott renovation		2,000,000	1,700,000			3,700,000
Public Safety	Police	Construct new armory		500,000				500,000
Public Safety	Police	20 Atwater renovations	800,000					800,000
Public Safety	Police	Grant match funds for camera expansion	1,100,000					1,100,000
Public Safety	Police	Expand RTCC to accommodate camera expansion		2,000,000				2,000,000
Public Safety	Police	Stand up two mini-RTCCs on east and west sides of City		2,000,000				2,000,000
Public Safety	Police	Bulletproof vest replacements		350,000	350,000	350,000		1,400,000
Public Safety	Police	Unmanned aerial vehicles	350,000					350,000
Economic Dev	PDD	Land preparation for future industrial development projects	26,072,161					26,072,161
Recreation	GSD	Improvements to catalytic parks, CIP parks, and soccer hubs	700,000	8,300,000	8,300,000			17,400,000
Recreation	PDD	Joe Louis Greenway completion				10,000,000	10,000,000	20,000,000
Recreation	DoIT & GSD	Computer replacement at recreation centers	246,528					246,528
Recreation	GSD	Recreation center capital improvements	1,686,100					1,686,100
Recreation	GSD	Belle Isle water line replacement and repair	500,000					500,000
Recreation	Charles H. Wright	Charles H. Wright Museum roof replacement	1,000,000	700,000				1,700,000
Recreation	GSD	Improvements to City golf courses		2,000,000	2,000,000			4,000,000
Recreation	GSD	Adams-Butzel Recreation Center		3,450,000				3,450,000
Recreation	GSD	Northwest Activities Center		3,750,000				3,750,000
Recreation	GSD	Heilmann Recreation Center		1,000,000	2,000,000			3,000,000
Recreation	GSD	Patton Recreation Center			750,000			750,000
Recreation	GSD	Williams Recreation Center				2,550,000		2,550,000
Recreation	GSD	Henderson Park		2,250,000				2,250,000
Recreation	GSD	Rouge Park Horse Stables		190,000				190,000
Recreation	GSD	Tindal Recreation Center - City share (partnered with Healthy Kidz,		338,000				338,000
Recreation	GSD	Aretha Louise Franklin Amphitheatre and Park	1,000,000	4,000,000				5,000,000
Recreation	GSD	Studios for Riverside & Henderson Marinas, St. Jean Boat Launch,		1,000,000				1,000,000
Recreation	GSD	Spirit Plaza Improvements		1,000,000				1,000,000
Recreation	GSD	Library reading rooms at recreation centers		500,000				500,000
Transportation	DDOT	Coolidge facility rebuild			18,000,000	18,501,849		36,501,849

Totals 48,152,053 61,211,300 54,988,300 57,667,804 13,350,000 235,369,457

Attachment 10